



Sales Lead Provided to Automobile Dealership via Website

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Tax: Sales and Use Tax

On and after October 1, 2006, Sales and Use Tax is imposed on “information services.” N.J.S.A. 54:32B-3(b) (12). The law defines “information services” as the furnishing of information of any kind, which has been collected, compiled, or analyzed by the seller, and provided through any means or method, other than personal or individual information which is not incorporated into reports furnished to other people. N.J.S.A. 54:32B-2(yy).

Motor vehicle dealerships contract with Website. Website agrees to list dealer inventory and make it searchable by prospective car buyers. Website agrees to collect prospective buyer information and verify the accuracy of the information. The auto dealership is then provided with the sales lead information via email or fax. The information collected by Website is non-exclusive and may be provided to any or all of the participating dealerships that have the same inventory or as designated by the search criteria. The Website offers its service to be invoiced either per sales lead or as a flat fee for a monthly subscription.

A list of name(s), address(es), phone number(s), email address(es), and the vehicle description(s) prospective customer(s) is interested in, is a sales lead which meets the above definition of information service. Since this information was collected and may be provided to all participating dealerships that have the same make and model in their inventory, the information is not “personal or individual.”

Therefore, Website’s charge for sales leads is subject to tax as an information service. The Division has determined that the method of billing (e.g., per sales lead or flat fee for monthly subscription) does not affect the taxable outcome. Even where Website’s service is packaged with website advertising or space, the true object of the overall service remains the provision of sales lead information.

NOTE: The Division will enforce this on a prospective basis as of the date of the Notice.

Note: A Technical Advisory Memorandum (“TAM”) is an informational statement of the law, regulations, or Division policies. It is accurate on the date issued. Subsequent changes in the law or regulations, judicial decisions or changes in Division policies could affect the validity of the information presented in a TAM.